

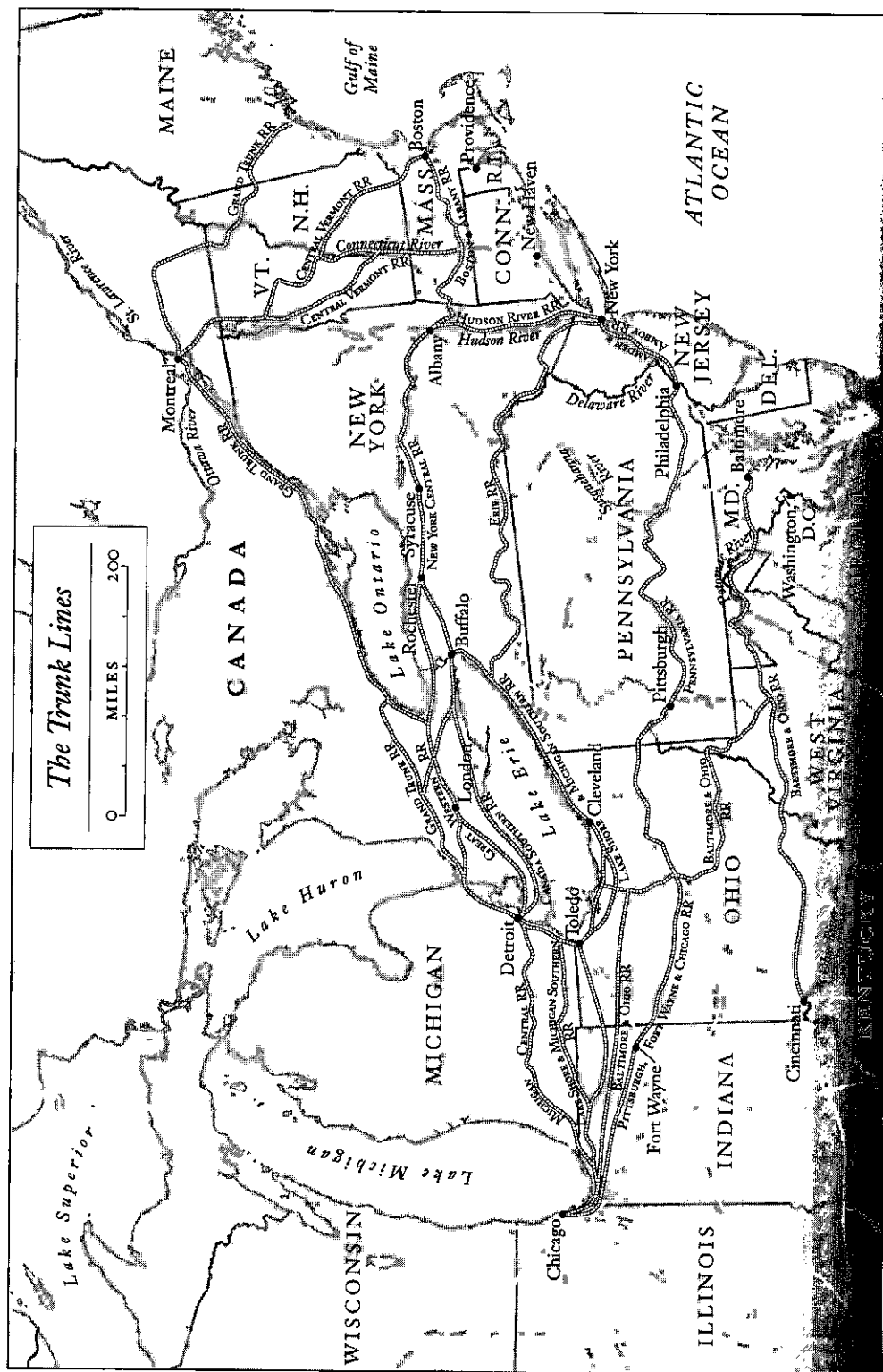
THE FIRST TYCOON

*The Epic Life
of Cornelius Vanderbilt*

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WAR

They came to tell his secrets. Starting at the appointed hour of two o'clock in the afternoon on November 12, 1877, dozens of witnesses took the stand, one by one, week after week, in that courtroom in lower Manhattan. They included friends and relatives of the deceased Commodore, of course, as well as businessmen and acquaintances. But many of the men and women who took the stand were mediums, magnetic healers, and outright confidence artists. They told tales of séances, outbursts, and high emotion—and attorney Scott Lord tried to introduce even more, as he sought to undermine the last will and testament of Cornelius Vanderbilt. It was a burlesque parade of the marginal and untrustworthy (including one woman who had shot a druggist in Baltimore),¹ whose stories left a nearly ineffaceable imprint on Vanderbilt's image.

Most of the witnesses spoke of the Commodore's last years—years of triumph and of loss, years when he outlived so many of his contemporaries, years when he accumulated his greatest achievements. The testimony that best illuminated his final decade and a half, though, came on the first two days of the trial; and it was spoken not by a medium or mesmerist, but by Daniel B. Allen. He had managed the Commodore's businesses from the 1830s onward, tending to bills, organizing corporations, and relaying messages to presidents in Nicaragua and the White House. He was elderly now, and dignified. "A gentleman with silvery white hair and iron gray moustache," the *New York Times* described him; "a man who would be noticeable in any assemblage."²

As he looked out from the witness box at the high, inlaid ceiling, the fluted columns, the bearded faces of the attorneys, he named two years that defined the ultimate phase of Vanderbilt's life: 1864 and 1873. They marked the end of Allen's ties to the Commodore—first of their business, then of their personal relationship. Those two years also defined Vanderbilt's historical role and overarching significance.

The first was a year of transformation, the second of crisis. In 1864, at the age of seventy, Vanderbilt abandoned his lifelong career in shipping as

he amassed a railroad realm. Nine years later, he faced the Panic of 1873, an economic cataclysm that forced him to call up all his aged strength and ingenuity to protect what he had built. How he handled these two moments defined his legacy. In the end, he would not only build an empire, he would found a dynasty. And his family would never be whole again.

OUTSIDE, THE MASSES WERE MARCHING. Inside, the Commodore mourned.

On the evening of November 2, 1860, a procession of young men advanced on Union Square. They carried torches, waved lanterns, and fired rockets and Roman candles into the night sky. They were Wide Awakes, members of Republican Party clubs that marched in towns across the North as the presidential election approached. As the parade approached the New York Hotel on Broadway, Southern guests gathered on the sidewalk to hiss and make catcalls; across the street, cheers echoed from the Lincoln campaign headquarters. "The din was deafening," an observer remarked.³

That single scene captured the times: a panorama of mobilization and mutual hostility, lit by fire. Everyone remarked on the gathering crisis, except when it seemed to require no comment at all. The Republicans had nominated the Illinois railroad lawyer Abraham Lincoln on a platform of firm opposition to any spread of slavery. The Democrats had splintered. The round-faced and wide-eyed Horace F. Clark stood by his friend, Senator Stephen A. Douglas, who infuriated Southern "fire-eaters" with his insistence on the right of settlers in Kansas to reject slavery; Douglas was nominated by a largely Northern fragment of the Democratic Party. Border-state Whigs and moderate Democrats had created the pro-slavery-yet-Unionist Constitutional Union Party, running John Bell for president. The fire-eaters demanded the right to carry slaves into any federal territory; they nominated John C. Breckinridge, who ran on less a platform than an ultimatum. His supporters warned that the South would secede if Lincoln won; as Senator Robert Toombs of Georgia declared, they would "never permit this Federal government to pass into the traitorous hands of the Black Republican party." But Northern resolve arose in turn, as seen by the torch-waving Wide Awakes.⁴

Away from conventions and parades, inside the four-story brick mansion with brownstone trim at 10 Washington Place, Cornelius Vanderbilt was up to date about the irrepressible conflict. The crisis posed serious questions for the future of his shipping lines between New York and New Orleans, Havana, and Aspinwall. But never far from the front of his mind

was a sense of mourning, a sense of loss. It had been six years—nearly seven—since his mother had died on January 22, 1854.⁵ Even for the steely Commodore, the pain endured.

"That irreparable change a death makes in the course of our daily thoughts can be felt in a vague and poignant discomfort of mind," Joseph Conrad writes.⁶ This modest observation aptly describes Vanderbilt's response to the passing of the eighty-seven-year-old Phebe. Unquestionably he always had revered her, as shown by the rockets he fired in tribute from the *North Star* in 1853. But after her death a vague and poignant discomfort compounded in his mind like interest on a debt, piling up year after year, until his love publicly manifested itself as it rarely had during her lifetime. Writers who interviewed him began to note his adoration of the flinty old woman who had educated him in the ways of the market. Over a meal in the dining room at 10 Washington Place, Vanderbilt would tell of how, back around 1820, he had invited his mother aboard the first steamboat he had built and owned entirely on his own. "I escorted her aboard and showed her the gay decks and the engine, and the galley," he would recall. "I was mighty proud of her, I tell you!" (Meaning the boat, not his mother.) Then he took her down to the saloon for a celebratory banquet. "Cornele," she snapped, "where the devil did you git this dinner?" Even amid the grandeur of his very own steamboat, the food had struck her as an extravagant waste of money.⁷

Conrad also notes, "Action is consolatory. . . . Only in the conduct of our action can we find a sense of mastery over the Fates."⁸ Perhaps it is not surprising, then, that the long-bereaved Vanderbilt—with all his battles seemingly won, with virtual ownership of the America's sea lanes to Panama and Europe—should undertake a project that took him back to Staten Island. Both his brother Jacob and his son William had taken an interest in the thirteen-mile Staten Island Railroad, in which Billy served as treasurer. "They had very bad accommodations to get to it," Vanderbilt testified in 1861. "I said I would build a ferry. . . . It was a kind of hobby of mine."

A hobby to the Commodore, of course, would have been a major investment to most other men. On June 1, 1860, he began construction at the Simonson shipyard of two new boats to connect with the railroad: the *Clifton* and the *Westfield*, costing roughly \$90,000 apiece. By the end of the year he had them running from Whitehall Slip to a new railhead at Vanderbilt's Landing; soon he added a third boat, the *Southfield*. "They cost me an immense sight of money," Vanderbilt noted. "They run along and did very well; but I never made any money out of them. . . . The boats I built as a matter of pride."⁹

It was an inward turn of mind, this hobby of Vanderbilt's, for a man of

transoceanic, transcontinental enterprises. It was, perhaps, the turn of a sixty-six-year-old mind increasingly attuned to family and home, to the places of birth and death. But the crisis enveloping the world around him would penetrate even here.

ON NOVEMBER 7, 1860, the *New York Herald* announced, "END OF THE GREAT NATIONAL CONTEST." Abraham Lincoln was elected by a plurality of the popular vote, though without a single ballot from the South in the electoral college. Of course, the great national contest had only begun. Immediately the slave states began to convene special conventions to consider the question of departing from the Union. South Carolina voted to secede on December 20, followed by Mississippi on January 9, 1861, followed in rapid succession by Florida, Alabama, Georgia, Louisiana, and Texas. On February 4, delegates gathered for a constitutional convention at Montgomery, Alabama, in order to form the Confederate States of America.¹⁰

Lincoln would not take the oath of office until March 4. In the meantime, attempts to hold the Union together centered in the outgoing Congress and, to a considerable extent, in the ranks of the great merchants of New York. On both counts Vanderbilt found the storm swirling around him. Horace F. Clark (who had not stood for reelection) argued for a constitutional amendment to protect slavery, "to bribe the slaveholders to remain" in the Union, as the *Chicago Tribune* scornfully remarked.¹¹ On January 7, 1861, Mayor Fernando Wood (who had returned to office after organizing Mozart Hall as a rival organization to Tammany) proposed that, if the South seceded, New York should too, and stand as a free city. No one of note supported him, but the very idea demonstrated how closely the city's economy was tied to the cotton trade, and why so many of its merchants and financiers fought for a compromise. In December, a group led by August Belmont, William Astor, William Aspinwall, Moses Grinnell, Hamilton Fish, and Richard Blatchford had gone to Washington to plead for appeasement. At the end of January, Aspinwall led another elite group to the capital, bearing a petition with thousands of merchants' signatures, asking that the South be placated. "We fear," Mayor Wood admitted, "that if the Union dies, the present supremacy of New York may perish with it."¹²

The division of the republic proceeded inexorably; but the question of whether it would result in war centered on Fort Sumter, a federal post on an island in Charleston Harbor. The South Carolinians wanted it. Soon after the new year, the aged General in Chief Winfield Scott dispatched men and supplies from New York to reinforce the slender garrison. The

ship he chartered for the job was Vanderbilt's old *Star of the West*. On January 9, the rebels opened fire on the steamer and drove it out of the harbor. On March 4, Lincoln delivered his inaugural address, appealing to the "mystic chords of memory, stretching from every battlefield and patriot grave to every living heart and hearthstone." The next day, he learned that Fort Sumter had barely six weeks before its besieged men would run out of supplies.

General Scott and many in the cabinet argued that Lincoln should withdraw the garrison. Instead, the president decided to resupply the fort, but without blasting his way into Charleston. So far, no shots had been fired at Sumter; some border states still wavered between Union and secession. Lincoln wanted to force the Confederates to fight for the fort, but to place the onus of starting hostilities squarely on them.¹³

On April 5, New Yorkers observed an extraordinary bustle in the army and navy facilities around the harbor as the resupply expedition set sail. A week later, newsboys poured into the evening streets, crying, "Extra—a *Herald!* Got the bombardment of *Fort Sumter!*" Walt Whitman, George Templeton Strong, and countless others anxiously read the freshly printed sheets in the glare of corner gaslights. War had begun.¹⁴

War deserves its reputation as the most serious event in national life. It is a grimly wasteful enterprise: the expenditure of resources on materiel that can only destroy, not create, wealth; the termination of lives, usually of young men, at the moment of their greatest energy and potential; the gradual, bitter realization that, as Wellington famously declared, the only thing worse than a battle won is a battle lost. But the Civil War was more extraordinary than most, and more horrible. It brought to a head decades of animosity that had grown into suspicion and flowered into paranoia. Perhaps most important, it was a war for national survival. For the people of the North, the republic they loved had been torn in two. When Virginia joined the Confederacy (along with North Carolina, Tennessee, and Arkansas), the enemy stood across a river from Washington, D.C. Seemingly as one, Northerners decided this could not stand.

On April 15, the day after Fort Sumter was forced to surrender, Lincoln called 75,000 state militiamen into national service to suppress the rebellion. It soon became clear that he would get many more. In New York, once the scene of so much sentiment for compromise, a patriotic frenzy seized the people. Recruiting offices opened, tents popped up at the Battery, rough wooden barracks rose in Central and City Hall parks. "The city seems to have gone suddenly wild and crazy," one man wrote. On April 20, platoons of recruits practiced marching up and down Broadway to the cheers of onlookers, under flags that hung from almost every building. Some 250,000 citizens packed Union Square for a rally. On

Staten Island, Jacob and William Vanderbilt helped organize a mass Union meeting where Horace Clark spoke.¹⁵

But the seriousness of the crisis could not be denied. A panic seized Wall Street as stocks fell, banks called in loans, and depositors withdrew money and hoarded gold. "I believe my assets to be reduced fifty per cent, at least," Strong wrote in his diary. "But I hope I can still provide wholesome training for my three boys. With that patrimony they can fight out the battle of life for themselves."¹⁶

Soon the battle of life would seize Vanderbilt's own sons in ways that he could not have predicted in April 1861. For the time being, he had to attend in person to the battle with the Confederacy. Curiously, William C. Jewett (Cornelius Garrison's son-in-law) wrote to Vanderbilt about a "report you are disposed to aid the South."¹⁷ Quite the opposite was true—but purely selfish interests, not patriotism, first propelled him into wartime affairs. After consulting with William Aspinwall, Vanderbilt wrote to Secretary of the Navy Gideon Welles on April 16, under the letterhead of the Atlantic & Pacific Steamship Company, 177 West Street. "The shippers of specie by our line," he observed, "are apprehensive that our steamers may be seized or robbed on their voyage from Aspinwall to New York, unless some special provision be made for their safety." Vanderbilt wanted the government to equip each of the company's ships with a cannon, along with one hundred rifles. "These arms, in the hands of passengers such as ordinarily travel over this route, will be a sufficient protection against any pirate or privateer," he wrote, thinking perhaps of the hardened Californians who had gone straight from the gold fields to Walker's army.

His concern was well founded. The next day, a group of New York's merchants and bankers begged Treasury Secretary Salmon P. Chase to place guns on Vanderbilt's ships, noting that they carried "\$40,000,000 of gold annually from San Francisco to this port. . . . The capture of even one of these steamers," they argued, "would stop shipments of gold from San Francisco, or at any rate divert the flow of treasure from New York to foreign countries."

The Commodore's quick response to the crisis prevented the capture of one ship, the *Daniel Webster*; he diverted it from its voyage to New Orleans, where the rebels had planned to seize it on April 22. But the danger remained. On April 17, Confederate president Jefferson Davis authorized Southern privateers to attack Northern merchantmen. In June, Captain Raphael Semmes escaped the blockade of Southern ports in the CSS *Sumter*, the first Confederate commerce raider. It would not be the last. Indeed, Semmes would become a personal problem for Cornelius Vanderbilt.¹⁸

Meanwhile, New York's wealthy men took in hand the problem of mobilization. Before the end of April, they organized the Union Defense Committee, with an office at 30 Pine Street. The members comprised a roster of the city's patriarchs: John J. Astor, Moses Taylor, Moses H. Grinnell, Alexander T. Stewart, Samuel Sloan, William E. Dodge, and nineteen others, of both parties. They raised regiments of volunteers; purchased arms, uniforms, and supplies; issued passes for travel to Washington; and generally assumed governmental functions.¹⁹

To a great extent, this was inevitable. The limited government inherited by Lincoln's administration lacked the financing, the manpower, even the organizational capacity to undertake a major war. The federal budget for 1860 had amounted to just \$63 million. (The annual figure would grow to more than \$1 billion by the end of the war.) Only sixteen thousand men filled the regular army, and they were dispersed across the western frontier. The navy floated just forty-two ships, not all of them ready for service. Though the army boasted some highly professional quartermasters, they had never dealt with the demands now imposed on them; as James McPherson writes, "The War Department slumbered in ancient bureaucratic routine." States and private citizens *had* to assume responsibilities ordinarily reserved for the national government.²⁰

Vanderbilt did not join the Union Defense Committee. He never joined civic organizations or loaned his name to charitable bodies. In part, he hated the formality of the proceedings; in part, he was too proud to be a rank-and-file volunteer. "When the rebellion broke out in 1861 and Mr. Vanderbilt was waited upon by Moses Taylor to take some government bonds," Lambert Wardell recalled, "he declined to do so, but later on was a large purchaser of the bonds, purely from the standpoint of speculation. It is believed that had the idea originated with him he would have taken the bonds in the first instance, but he was averse to playing second fiddle to Mr. Taylor."²¹

And yet, his patriotism remained as real and deep as on the day when he had driven Lafayette through the streets of New Brunswick. His opportunity to serve came as the Union prepared amphibious expeditions against the Southern coast. But he grew dissatisfied—even angry—as the War Department and navy began to charter his ships. "The moment a man comes to New York he is surrounded by a lot of thieves all the time, and in every shape and direction," Vanderbilt told a committee of the House of Representatives later that year. Ship brokers swarmed around the federal officials in charge of the charters, inserting themselves as middlemen for either the government or the private owners.

"I am to give a man, one of these outside thieves," Vanderbilt stated incredulously, "two and a half percent commission on that charter."²² The

idea offended both his patriotism and his sense of commercial justice—but he had a solution. On April 20, he wrote to Navy Secretary Welles, “I feel a great desire that the government should have the steamer *Vanderbilt*, as she is acknowledged to be as fine a ship as floats the ocean, and, in consequence of her great speed and capacity, that, with a proper armament, she would be of more efficient service in keeping our coast clear of piratical vessels than any other ship.” He suggested that the sale price be determined by any three men with the rank of commodore (still the highest in the navy), recommending the eminent Robert Stockton as one of them. “If this will not answer,” he added, “will the government accept her as a present from their humble servant?” In addition, he offered to sell the *Ocean Queen*, the *Ariel*, the *Champion*, and the *Daniel Webster* on the same terms.²³

“There is no such water craft afloat, and I know it,” Vanderbilt later testified before Congress, speaking of the *Vanderbilt*. “But he [Welles] would not hear it, and did not answer my letter.” Instead, Welles wrote a note on May 2 to Captain Samuel L. Breese, commandant of the Brooklyn Navy Yard, saying he did not want the *Vanderbilt*. “The complement originally ordered is full,” he stated, and the great steamer was “of a larger and more expensive description than the service is supposed to require.”²⁴

Why turn down a gift—the most “princely and munificent” ever offered by an individual to the government, in the words of the *New York Herald*? Perhaps Welles expected the war to end soon, as many did, and did not want to be left with an unnecessarily large and expensive-to-run ship. The secretary was also a man with a great deal of pride. The idea that his fleet needed Vanderbilt’s help may have insulted him. Perhaps most important, there was tension between the War Department and the navy. Much of the chartering of merchant ships was not conducted by naval personnel; and Welles seems to have viewed all transactions with commercial men with a bit of cynical distaste.

So the *Vanderbilt* would *not* be “at the head of the navy, where she ought to be,” as its owner believed. Instead, it would be chartered as a mere transport, along with most of the sidewheelers run by the Atlantic & Pacific Steamship Company, as the “outside thieves” collected their 2.5 percent and drove up the price. Vanderbilt received \$2,000 a day for his great ship; in the end, the federal government would pay him a total of \$303,589.10 for the use of that vessel alone—approximately one-third of its original cost. Yet even this fee was not as unreasonable as it might seem. Vanderbilt paid all costs of operation, which could amount to \$600 a day under ordinary circumstances, and bore all risks except for actual combat; the peculiar demands of wartime operations could raise that operating cost far higher. (Boiler fires had to be kept burning at all times, for exam-

ple, to allow for a quick escape or to avoid collision in a dense fleet.) The charge of extortionate pricing would prove persistent, but it was not well founded. In any case, he never wanted to charter his steamers in the first place. “The fact is, I would rather sell every ship I have,” he testified. “I, myself, am not a fair criterion for other men. I would rather sell my ships than let them remain in the government employ until they earn their whole value and then have the ships and the money too.”

He did finally sell two boats to the navy in 1861—two boats he did not want to let go: the *Clifton* and the *Westfield*, of the Staten Island Railroad ferry, for \$90,000 each. The navy’s agent was George D. Morgan, cousin to Governor Edwin D. Morgan of New York and brother-in-law to Gideon Welles—who took his 2.5 percent. As Vanderbilt wisely observed, New York had thieves in every shape and direction.²⁵

WAR BROUGHT George Washington Vanderbilt home.

On July 1, 1860, he had graduated from West Point after the standard five years. (George Custer graduated in 1861 in the first four-year class.) The regular army was stingy with promotions—so stingy that it did not even grant him the rank of second lieutenant, the very lowest for commissioned officers. Instead, it named him brevet (honorary) second lieutenant. He was dispatched to Fort Dalles in Oregon, where there recently had been hostilities with Indians. He had arrived on December 4, 1860, only to be recalled on January 28. Posted to Fort Columbus on Governors Island, he finally received the full rank of second lieutenant in the 10th Infantry Regiment on February 27, 1861. With the outbreak of war, the army assigned him to the unglamorous task of training the recruits who signed up by the thousands.²⁶

Of the Commodore’s three sons, George remains the most mysterious. William was dutiful, diligent, and dull, the colorless farmer and manager whose profile steadily rose higher without ever seeming any larger. Corneil flared fitfully into public view, with his epileptic fits, episodic gambling, and artful begging from prominent men. But George exists in the historical record as little more than a shadow, defined largely in contrast to his brothers. He was brave and strong and manly, legend tells us, the pride of a father who wanted so much to have a Vanderbilt to be proud of. This comes to us as more an impression than even an anecdote, but perhaps it is true; William named a son after his brother, after all. But hidden by the warm glow of the honored memory of a Civil War veteran is lurking disappointment.

For one thing, George seems to have struggled at the Military Academy, where he graduated thirty-ninth out of forty-one, only one step

above his lowest point. Custer, of course, graduated last in his class and still went on to fame in the war. But the two Georges had different fates. Hardly had the hostilities begun than the Commodore's son found himself standing before a court-martial. On the afternoon of May 16, he had disappeared from his training duties at Fort Columbus. He had returned the next day, without explanation. At his trial on May 29, he made no defense, and was sentenced to one month of confinement to the fort, after which he returned to duty.

The conviction seems to have marked him. Though it is always difficult to understand why a military bureaucracy treats any individual the way it does, the army shunted him aside, despite its need for every regular army officer it could find, as it created hundreds of new regiments of U.S. Volunteers (temporary units for the duration of the war). Men such as Ulysses S. Grant and William T. Sherman, West Pointers who had retired after rising no higher than captain or lieutenant, returned to service and rapidly became generals. But the army sent George to Boston. There, on September 1, he took charge of the recruiting station, replacing an officer who was given command of his own regiment. It appeared that if the Vanderbilts were to gain any glory in the Civil War, the aged Commodore would have to win it for himself.²⁷

IT HAD BEEN A YEAR of defeat upon defeat. Bull Run, Wilson's Creek, Ball's Bluff, and Lexington, Missouri: such was the legacy that Edwin M. Stanton inherited when he took office as secretary of war in January 1862. Overbearing, incisive, and fiercely honest, this former U.S. attorney general brought a determination to reform a department demoralized by the inefficiency and corruption that had prevailed under his predecessor, Simon Cameron. "Stanton impresses me and everybody else most favorably," wrote Strong. That ubiquitous observer met Stanton in Washington on January 29. "Not handsome, but on the contrary, rather pig-faced. At lowest estimate, worth a wagon load of Camerons. Intelligent, prompt, clear-headed, fluent without wordiness, and above all, earnest."²⁸

As his secretaryship began, Stanton could count a rising number of victories and advantages. Even before he came into office, amphibious expeditions had captured key fortifications along the Southern coastline. In February, General Ulysses S. Grant won rousing twin victories at forts Henry and Donelson in Tennessee. And General George B. McClellan now commanded the Army of the Potomac, which he organized, trained, and equipped superbly. McClellan planned a new offensive against the Confederate capital, Richmond, Virginia. He would land his army at Fortress Monroe, at the tip of the peninsula that extended east from Richmond between the York and James rivers. From Monroe (still in federal

hands), he would strike west. In March, swarms of men loaded dozens of ships with arms and supplies as the great expedition prepared for departure.

On March 8, it seemed that the Confederates would stop McClellan's Peninsula Campaign before it could begin—indeed, that they would annihilate Union maritime power at will. That day, a strange craft steamed out of Norfolk harbor at the creeping speed of about four knots. It resembled a turtle or, as someone at the time described it, the roof of a submerged barn. It was the salvaged hull of the *Merrimack*, a U.S. frigate scuttled at the Norfolk naval yard that the Confederates had salvaged, covered in iron plate, and renamed the CSS *Virginia*. (The Union persisted in calling it the *Merrimack*.) It steamed straight for the Union blockade squadron at Hampton Roads, the waters at the mouth of the James River, where it sank two ships. A third, the *Minnesota*, ran aground in shallows where the deep-draft *Virginia* could not go with its deadly ram. During the fight, solid shot ricocheted off its armor shell. The *Virginia* suffered internal damage, but outwardly it seemed invincible.²⁹

"Stanton was the most frightened man that I ever saw," Gideon Welles afterward reflected in his diary. When news arrived of the *Virginia's* rampage, "I called at once on the President, who had sent for me," he wrote a few years later. "Several members of the Cabinet soon gathered. Stanton was already there, and there was general excitement and alarm." The secretary of war, he recalled, "was almost frantic. . . . The *Merrimack*," he said, would destroy every vessel in the service, could lay every city on the coast under contribution, could take Fortress Monroe—McClellan's mistaken purpose to advance by the Peninsula must be abandoned." Both Lincoln and Stanton, he added, "went repeatedly to the window and looked down the Potomac—the view being uninterrupted for miles—to see if the *Merrimack* was not coming to Washington."

Welles's spies had followed the progress of the *Merrimack* turned *Virginia* all along. In fact, the navy secretary had multiple ironclads of his own under construction; one had just been completed in New York, and it departed immediately for Hampton Roads. It was a small, raft-like craft with a revolutionary rotating turret that mounted two guns. It was called the *Monitor*. On March 9, it battled the *Virginia* to a standstill.³⁰

So ends one of the set-piece stories of the Civil War: the historic first clash of ironclads, the tale of the *Monitor* steaming onto the scene just in time to prevent the complete destruction of the Union fleet. Certainly that was the story that set itself firmly in the memory of Welles, who felt a deep antipathy toward Stanton. But history went on after the indecisive battle of March 9. The *Monitor* had not defeated the *Virginia*; it had

* *Merrimack* was commonly spelled without the final "k."

merely stood off the enemy. The rebel ironclad still lurked. If the *Monitor* simply suffered a breakdown—a commonplace occurrence in a newly launched ship—then nothing could stand in the *Virginia's* way.

On March 14, five days after the clash between the two armored vessels, General John E. Wool, commander of Fortress Monroe, sent a frightened telegram to Stanton, arguing that the *Virginia* might “overcome the *Monitor*.” The next day, Stanton had an aide telegraph Vanderbilt in turn: “The Secretary of War directs me to ask you for what sum you will contract to destroy the *Merrimac* or prevent her from coming out from Norfolk—you to sink or destroy her if she gets out? Answer by telegraph, as there is no time to be lost.”³¹ Welles later mocked Stanton’s anxiety. “He had no faith in the Navy officers nor me, nor anyone else,” he wrote long afterward, “but he knew Vanderbilt had big steamers.” Welles apparently forgot that, on March 14, he himself assigned Gustavus V. Fox, the assistant secretary of the navy, to get the *Vanderbilt* from New York.³²

The Commodore seems to have been away from home, but William B. Dinsmore, president of the Adams Express Company, tracked him down. Vanderbilt wired Stanton, through Dinsmore, that he would come to Washington on March 17.³³ On that Monday morning, “I called at the War Department, where I saw for the first time Mr. Stanton, the Secretary of War,” the Commodore wrote four years later. “He requested me to accompany him to the Executive Mansion.” Vanderbilt and Stanton were similar men in many ways, both tough-minded, demanding, and immensely capable. They clearly got on well as they walked together to the White House, “where,” the Commodore went on, “I was introduced to Mr. Lincoln, to whom I was then personally a stranger.”³⁴

Now approaching the age of sixty-eight, Vanderbilt experienced the rare sensation of meeting a much taller man. Lincoln asked if Vanderbilt could do anything to keep the enemy vessel from steaming out of Norfolk once more. “I replied to him,” the Commodore wrote, “that it was my opinion that if the steamship *Vanderbilt* was there properly manned, the *Merrimac* would not venture to come out; or if she did, that the chances were ten to one that the *Vanderbilt* would sink and destroy her.” Then the president asked his price. “I at once informed Mr. Lincoln that I was determined that I would not allow myself to do anything by which I could be ranked with the herd of thieves and vampires who were fattening off the Government by means of army contracts,” Vanderbilt recalled, “that I had no vessels to sell or bargains to make, except one.” He would give the *Vanderbilt* to the government on the condition that he, the Commodore, should control its preparations for battle. Lincoln replied, “I accept her.”

“They asked what my plan was,” Vanderbilt recollected, “and I said, to keep steam up and protecting my vessel as much as possible by various

means; to run right into the rebel and drown him; that no vessel had been, or could be, made by the rebels that could stand the concussion or stand before the weight of the *Vanderbilt*.” Lincoln asked how soon he could have the great steamship at Hampton Roads. “The *Vanderbilt* should be at Fortress Monroe properly equipped and officered, under my direction, within three or four days at the farthest,” he answered. Vanderbilt then left immediately for New York. With the fate of McClellan’s planned expedition in peril, with fears for the entire blockading fleet, he had no time to spare.³⁵

During those rushed few days, Vanderbilt directed the refitting of his flagship in the Simonson shipyard at Greenpoint. His primary effort was to equip it as a ram. Treasury Secretary Salmon P. Chase inspected it soon afterward. “She was already strengthened [about] the bow with timbers,” he wrote, “so as to be little else for many feet (say 50) from the prow than a mass of solid timber plated outside with iron.” On March 20, the Commodore telegraphed Stanton to ask for formal authority to hunt for the *Virginia*. “The ship leaves to-morrow,” he wrote. The war secretary promptly wired back to Vanderbilt’s office at 5 Bowling Green, “The President and this Department are highly gratified at your promptitude, and that you are so far forward.” In the formal order, Stanton wrote, “Confiding in your patriotic motives and purposes, as well as in your skill, judgment, and energy, full discretion and authority are conferred upon you to arm, equip, navigate, use, manage, and employ the said steamship *Vanderbilt*, with such commander and crew and under such instructions as you may deem fit.” The next day, Vanderbilt departed for battle.³⁶

“Commodore Vanderbilt,” Stanton commented to General Henry Halleck on March 25, “is now at Norfolk to meet the *Merrimac*, and although not armor-clad, he is very confident of being able to run her down.” Many observers shared his optimism. “The immense size, great weight, and speed of the *Vanderbilt* especially would seem to make her a terrible opponent in an encounter of that kind,” remarked the *Journal of Commerce*. “An unwieldy floating battery, lying low on the water, could not survive many blows from a vessel of her weight.” The *Vanderbilt* was “put in fighting trim,” the *London Times* reported. “Her steam machinery has been protected by rails in the most ingenious way, and also by cotton bales and hay. Her prow has been armed with a formidable nose, with the intention to poke it right into the side of the *Merrimac*. . . . Its edge is made of steel, and very sharp.”³⁷

Vanderbilt steamed up to Fortress Monroe in his titanic vessel, its immense sidewheels churning the water, smoke billowing out of its twin funnels. On going ashore, he consulted with General Wool and Commodore Louis M. Goldsborough, commander of the squadron so badly

beaten in the first battle with the *Virginia*. Goldsborough impressed Vanderbilt, who turned his ship over to the officer (under the immediate command of Vanderbilt's own captain), despite Stanton's wish to keep it in the War Department's control. Vanderbilt returned to New York, sick with a cold, and explained himself to Stanton. "As for Commodore Goldsborough," he wrote on March 31, "*he is a trump*. I think to be depended upon. He had given Captain Le Ferre directions, which accorded exactly with those that I had given him before leaving New York. So I left this matter undisturbed. My opinion is that the *Merrimac* will not venture outside of Fortress Monroe. If she does, I am quite certain she never can return."³⁸

His enemies feared that he might be right. The rebels respected "the powerful steamer *Vanderbilt*, fitted with a ram expressly to attack the *Virginia*," as Confederate Flag Officer Josiah Tatnall reported on April 30. With its great speed, it could easily outmaneuver and run down the *Virginia* (which could do no better than five knots), and sink it with its enormous weight, even if the ram did not carve open the rebel ship. As one Confederate officer recalled, "We were primed for a desperate tussle."³⁹

By now McClellan had landed the Army of the Potomac on the peninsula and proceeded to waste week after week besieging Yorktown. In early May, Lincoln himself visited the front, accompanied by Treasury Secretary Chase. One day, he and his party saw the telltale trail of smoke that indicated the *Virginia* was coming to fight. On May 7, Chase wrote to his daughter of how "the *Merrimac* came down & out—how the *Monitor* moved up & quietly waited for her—how the big wooden ships got out of the way, that the *Minnesota* & *Vanderbilt* [might] have fair sweep at her & run her down—how she wdn't come when they cd—how she finally retreated to where the *Monitor* alone cd. follow her." The *Vanderbilt* performed its task as Vanderbilt predicted: the Confederates refused to risk the *Virginia* against his ship. Lincoln personally ordered an attack on Norfolk, and the retreating rebels scuttled their ironclad.⁴⁰

Vanderbilt did not win glory in battle, but he played a key role in bottling up the *Virginia*, allowing the federal authorities to regain their confidence and the Peninsula Campaign to proceed (though to ultimate failure in the Seven Days' Battles). His ship remained in the fleet, where he always had thought it belonged. It was indeed a magnanimous gift—and one that would be remembered by Captain Raphael Semmes.

IF WALL STREET HAD SAINTS, then the college of financial cardinals would surely canonize Elbridge G. Spaulding. Spaulding, chairman of a House subcommittee on emergency measures, performed a true miracle:

he conjured money out of nothing, and so contributed more toward the Union victory (and the future of New York's financial sector) than any single battlefield victory.⁴¹ Though his eminently forgettable name is eminently forgotten today, he was one of the most important architects of the invisible world of commerce that emerged in the nineteenth century. In the nation's darkest hour, he took the increasingly abstract economy and completely abstracted the most solid thing of all: the dollar.

In the opening months of the Civil War, the financial markets staggered along in doubt and fear. These "financial markets" included not only the stock exchanges, but also farmers in Missouri and Michigan, merchants in Danville and Davenport, who clutched the paper notes and deposit receipts issued by local banks; which in turn deposited much of their reserves in New York banks; which in turn made their surplus funds available as call loans to stockbrokers; who in turn provided credit to clients for purchases of securities on Wall Street. The uncertainty of war caused many across the country to withdraw deposits or return notes for gold, ultimately draining reserves in Manhattan. Then, too, Secretary Chase borrowed heavily in New York to finance the war. Following Jacksonian treasury laws to the letter, Chase refused to open accounts with the banks; instead, he insisted that gold be carted from their vaults through the twisting streets of lower Manhattan to the federal subtreasury. The specie lingered there, out of circulation, for weeks or even months before it was spent.

As banks struggled with reduced reserves, the Union suffered the string of setbacks that marked the fall of 1861: the loss of Lexington, Missouri, in September; defeat at Ball's Bluff, Virginia, in October; and McClellan's long refusal to advance on Richmond. When the navy seized two Confederate diplomats at sea, on their way to London, it seemed that war with Britain might ensue. Banknote holders rushed to redeem their paper money for gold, which they hoarded; banks called in loans; stock prices fell, causing panicked selling, causing prices to fall faster, erasing their value as collateral for borrowers. In short, a panic ensued. The banks of New York had no choice but to do the unthinkable (indeed, the illegal under state law): by mutual agreement, they ceased to pay note holders and depositors in specie on December 30.⁴²

"There is no such thing as gold and silver coin circulating in the country," declared Senator John Sherman. "It is stowed away." Hoarding threatened to strangle the North. Gold was the stuff that made Americans comfortable with the imagined devices of economic life; when it disappeared from circulation, the public began to give the emperor's wardrobe a second look. Sherman warned that the economy might break down, that the government might find itself unable to secure funds from the private